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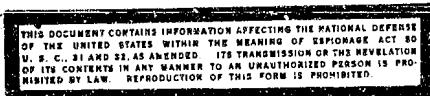
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Waclaw Bugajski

In accordance with the requirement for specialization of functions in a planned economy, it was necessary to create special purchasing offices for all major branches of the nation's industry. The initial period of these new and improvised offices has been marked by heterogeneity of function and organization. They underwent many changes in the course of the Three-Year Plan, reflecting the uncertainties and the evolution of economic conditions.

In the early stages, the central office served as a purchasing agent for a given branch of industry. The requirements of individual enterprises for raw materials and equipment constituted buying orders. The central offices did not have the responsibility of checking purchase orders against requirements of the production plan. Problems of planning in procurement, control over the performance of production plans, and supervision over inventories were not under their jurisdiction.

Some central offices tended to handle all the purchases, distributing materials to enterprises from a central point, to the extent that unnecessary handling and shipping costs were incurred. In the early postwar years the central purchasing offices performed a useful service in this respect because by this procedure they were able to penetrate the markets, which were largely in private hands, and to prevent speculation by price control and allocation of scarce commodities. As commodity markets became stabilized, the central offices gradually took on different functions, tending to decentralize their purchasing operations, taking on more supervisory functions related to planned production.

No specific dates can be given for this development since the changes took place at different times and in varying degrees in individual industries. Further changes will be necessary in the future in the entire setup of the supply offices if they are to meet the functions outlined for them in the general program of our planning. The nature of these changes can be outlined as follows:

1. Progressive decentralization of all purchasing operations by transferring them to the individual enterprises;

- 1 - RESTRICTED

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2. Progressive simplification of the purchasing operations by direct placement of orders and direct correspondence and settlement of accounts between the enterprise and its source of supply;

3. Broader influence of supply offices in matters of procurement planning through guidance of enterprises on such matters;

4. Growing responsibility on the part of supply offices in preparation of the procurement plan;

5. Tightening of control over the fulfillment of supply schedules;

6. Increased supervision over inventories in the factories;

7. Closer contacts between the supply offices and individual plants;

8. Major participation of the supply offices in quality control and standardization of specifications.

Supply offices will reach the ideal of perfection when all executive functions of a productive and commercial nature are transferred to the competence of the industrial enterprises and the supply offices limit their operations to the following activities by: (1) coordinating the entire supply program, (2) preparing aggregate supply plans, (3) supervising the fulfillment of the supply program, (4) inventory control, (5) standardizing specifications for raw materials, machinery, and installations, (6) purchasing raw materials, equipment, and installations abroad, and (7) purchasing those domestic commodities which are to be stored by the supply offices for the sake of economy or other reasons.

It may be questioned whether such an ideal supply office can be set up during the period of the Six-Year Plan. Yet the above-outlined plan of structural development is the only one to be recommended for the supply offices. By adopting such a plan considerable economies can be realized and middlemen and manipulators eliminated. Above all, it will mean a sizable reduction of time between the placing of an order and the actual delivery of goods.

The first year of the Six-Year Plan should be devoted to a thorough overhauling of the organization of central purchasing offices.

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- 2 -

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